



**FSA**  
FEDERAL  
STUDENT AID

*We Help Put America Through School*

GEN-05-04

**SUBJECT:** Notifications to 2005-06 Applicants Reminding Them to Update Estimated Income Information

**SUMMARY:** On or about April 30, 2005, FSA will begin sending correction reminder notifications to 2005-06 FAFSA filers who indicated, or whose parent(s) indicated, that they completed the FAFSA using estimated income information.

Dear Colleague:

As you are aware, many applicants provide estimated income information on their Free Application for Federal Student Aid (FAFSA). In 2004-05, we implemented a notification initiative where we reminded selected applicants to use information from their completed 2003 income tax returns to update estimated income and tax information reported on their FAFSA. Our goal was to get students and their families to correct FAFSA data after they completed their tax returns so that schools had accurate information when awarding aid. We plan to continue this initiative for 2005-06 FAFSA applications, with some modifications.

On or about April 30, 2005, we will send notifications to selected 2005-06 FAFSA filers who indicated, or whose parent(s) indicated, that they completed the FAFSA using estimated income information. We will ask applicants and their parents to compare the income portion of their Student Aid Report (SAR) with information from their recently completed 2004 tax returns, and to make corrections as necessary.

### **Notification Schedule**

A file of all applicants who meet the selection criteria described below will be created after April 15, 2005, which is the IRS tax filing deadline for most taxpayers. We will send the notifications to applicants and parents beginning on or about April 30, 2005. We will not send follow-up notifications nor will we send notifications to students who file a FAFSA after the date the file was created.

### **Selection Criteria**

Notifications will be sent to all 2005-06 FAFSA filers whose highest Central Processing System (CPS) transaction indicates that the student applicant's or parent's income data is based upon estimated income information and who meet **all** of the following criteria:

- The student's transaction has **not** been selected for verification;
- The student's Expected Family Contribution (EFC) is **6000 or less**;
- The student is **not** a graduate student; and
- A school did **not** perform an FAA Adjustment (professional judgment) on the last transaction.

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For dependent students and their parent(s), notifications will be sent to both the student and the parent if either the student *or* parent indicated they completed the FAFSA using estimated income information.

In order for FSA to measure the effectiveness of this notification process, a small sample of applicants who meet these conditions will **not** receive notifications. This will allow us to study the variances in correction activity between those applicants who receive notifications and those who do not.

In addition, notifications will be sent to a small sample of applicants who indicated, and whose parent(s) indicated, that they completed the FAFSA using a *completed* tax return. We will use this second sample to see if there are any variances in correction activity between those who used estimated income information and those who stated that they used completed returns to fill out their FAFSA.

### Notification Format

If the student provided an e-mail address on a paper or electronic FAFSA, we will e-mail the notification to that address. The e-mail will contain a link to Corrections on the Web so that students can easily correct their application information online. If the student is dependent, and we have an e-mail address for the student's parent, we will send an e-mail notification to the parent as well.

If the student did not provide an e-mail address, a letter will be mailed. Students who filed a paper FAFSA will receive a full paper SAR and cover letter. Students who filed electronically will not receive a paper SAR, but will receive a letter describing how to make corrections on the Web.

Parents of dependent students will receive e-mail notifications only. If the parent did not provide an e-mail address, they will not receive a notification.

The following chart summarizes the types of notifications students will receive, based on whether they provided an e-mail address and the type of application they filed:

Student E-Mail Address?	Type of Application	Type of Notification	Receive Paper SAR?
Yes	Web Application or Paper FAFSA	E-mail	No
No	Web Application	Letter	No
No	Paper FAFSA	Letter	Yes

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The notification will ask applicants who need to make corrections to FAFSA income information to also correct the response from "will file" to "completed" (FAFSA question #32 for the student, question #70 for the parent). In addition, the notification will tell applicants who have been asked by their school to submit copies of their 2004 federal tax returns not to submit corrections, unless instructed to do so by their school.

There will be three versions of the e-mail notification: one for independent students, one for dependent students, and one for the parents of dependent students. There will also be three versions of the paper cover letter (sent to applicants who did not provide an e-mail address): one for dependent and independent students who filed a paper FAFSA and who will receive a SAR with the letter, one for independent students who filed on the Web and who will only receive the letter, and one for dependent students who filed on the Web and who will only receive the letter. As stated earlier, parents of dependent students will only receive an e-mail notification. Please refer to the attachments below, which provide the specific text for the e-mail notifications students and parents will receive. The text for the various cover letters is not provided, but will be similar to the e-mail text.

### **The School's Responsibility**

We understand that the notification process will generate corrections and new CPS transactions, resulting in additional Institutional Student Information Records (ISIRs) being sent to schools. In some cases, this will mean additional workload for financial aid administrators (FAAs). However, we hope you agree that in order to maintain the integrity and public trust of our student aid programs, it is critical that we take all reasonable steps to ensure that Federal student aid is awarded based on the most accurate information available. FAAs should note that the failure of an applicant to update their data after receiving a notification does not result in "conflicting information" nor does it, by itself, trigger the need to verify applicant data. FAAs are not responsible for ensuring that updates or corrections are submitted, except under regular verification requirements or when issues of conflicting information arise. Also, the failure of an applicant (or parent) to update the "type of tax return filed" question does not create a conflicting information status even if the FAA determines that the income and tax information is from a completed tax return.

We thank you for your support of this initiative. Together we can ensure that the right students get the right aid, and that the integrity of the federal aid programs is preserved.

Sincerely,



Kay Jacks  
General Manager  
FSA Application, School Eligibility and Delivery Services

Attachments